

INTERNAL USE ONLY

DD/A

9 May 1977

MEMORANDUM FOR: See Distribution

SUBJECT: S. 1446, The Financial Disclosure/Ethics  
in Government Bill Submitted to the Congress  
by President Carter on 3 May 1977

1. Last week your office was sent a copy of S. 1446. This bill, introduced on the President's behalf by Senator Ribicoff and pending before the Senate Governmental Affairs Committee, would require financial disclosure statements by all top (GS-16-18) Federal employees and military officers. Most employees would file the statements with a proposed Office of Government Ethics, to be established in the Civil Service Commission, there to be subject to limited public inspection. The bill, however, directs that employees of the CIA and the NSA and other intelligence personnel file statements with their agency or department head. These statements would not be subject to public disclosure, but they would include detailed information of employees' personal financial situations.

2. The bill goes on to require that the new Ethics Office have access to the financial statements filed with agency heads in order to verify compliance. The Office would randomly sample at least 5 percent of the statements so filed. The rules and regulations regarding compliance with the filing requirements of the bill would be developed by the new Ethics Office Director in consultation with the Attorney General. These rules and regulations would be promulgated by the President, and the Ethics Director would be required to "consult when appropriate" with the heads of agencies affected (section 202[c]). Every Executive agency is directed to furnish the Ethics Director whatever information he deems necessary in the performance of his duties, "except when prohibited by law" (section 203[2]).

3. Title III is a conflicts-of-interest section that restricts the circumstances under which ex-Federal employees may accept employment with private concerns with which they dealt while employed with the Government.

4. This bill was drawn up by the White House and coordinated by the Office of Management and Budget. OMB, however, failed to consult this Agency despite the fact that we submitted a lengthy response to OMB earlier this year on a draft Executive order that also would have required financial disclosure statements by Federal employees.

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(Apparently, it was determined that the purposes of the draft order required legislation.) Thus, S. 1446 has been introduced with the Administration's apparent backing, without direct input from the DCI. It may, therefore, be somewhat touchy to propose amendments to the bill. At the same time, however, legitimate concerns certainly should be raised, if necessary, with OMB. To determine whether this will be necessary and, if so, to develop a plan of attack, it is requested that your office review this bill in order to identify any areas where it does not properly reflect the needs of the Agency and the Community and its employees. Questions that come to mind include:

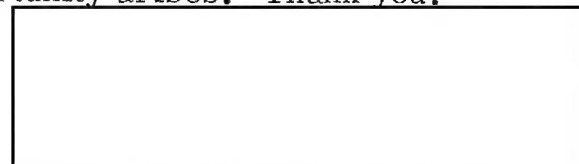
a. Is there sufficient latitude for the DCI to lay down ground rules which the Ethics Director must follow in reviewing financial statements on file with the Agency?

b. Do the prohibitions in Title III on post-Government employment present problems in terms of cover and the confidentiality of the Agency's relationships with private businesses?

c. Does the caveat noted above in paragraph 2, relating to providing information to the Ethics Director "except when prohibited by law," provide a measurable degree of control over what must be provided by the DCI?

5. Please provide whatever information you think relevant to the above-mentioned issues, or any others that might come to mind in reviewing this bill, as soon as possible so we can move ahead, if necessary, when the proper opportunity arises. Thank you.

STATINTL



Office of Legislative Counsel

cc:  
DDCI  
DDO  
✓DDA  
DDI  
DDS&T  
IC Staff  
Inspector General  
General Counsel  
DD/Personnel  
Chief, Central Cover Staff

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Legislative Counsel  
6C19 HQ

EXTENSION

NO.

DDA 77-2540

DATE

4 May 1977

STATOTHR

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

STATINTL

DDA  
7D18 HQ

4 May 1977

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Attached is a copy of the Ethics and Financial Disclosure bill proposed by President Carter yesterday. The bill was introduced as S. 1446 by Senator Ribicoff.

Title I of the bill establishes requirements for financial disclosure by top-level Executive officers, including all those at GS-16 and above. I have skimmed the bill, and it provides:

--that CIA, NSA and other intelligence personnel shall file the required reports with the head of their agency rather than with the proposed Government Ethics Office in the Civil Service Commission [section 103];

--but that, the Ethics Office shall have authority to review and assure compliance regarding all such reports so filed [section 106 (a) and (b)];

--however, that, reports filed with, for example, the CIA, shall not be available for public inspection [section 105].

Title II concerns relationships between ex-Federal employees and certain private employees.

We will be reviewing the bill in more detail (OMB did not make a copy available to the Agency prior to its submission). Any comments your office might have would be welcome.

The President, in his accompanying remarks, endorsed legislation that would create an Office of Special Prosecu

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THE WHITE HOUSE

A BILL

To preserve and promote ethical standards throughout the executive branch and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Ethics in Government Act of 1977".

TITLE I - GOVERNMENT PERSONNEL FINANCIAL  
DISCLOSURE REQUIREMENTS

Persons Required to File

Section 101. (a) Upon assuming the position of an officer or employee designated in subsection (f), an individual shall file a report as required by subsection 102 (b).

(b) Upon the transmittal by the President to the Senate of the nomination of an individual to a position, appointment to which requires the advice and consent of the Senate, such individual shall file a report as required by subsection 102 (b).

(c) Upon becoming a candidate for nomination or election to the office of President or Vice President, as determined by the Federal Election Commission, an individual shall file a report as required by subsection 102 (b).

(d) Any individual who is an officer or employee designated in subsection (f) during any calendar year and performs the duties of his position or office for a period in excess of 60 days in that calendar year shall file on or before May 15 of the succeeding year a report as required by subsection 102 (a).

(e) Any individual who occupies a position designated in subsection (f), before leaving such position, shall file a report as required by subsection 102(a), unless such individual has accepted employment in another position designated in subsection (f).

(f) The officers and employees referred to in subsections (a), (d) and (e) are --

- (1) the President;
- (2) the Vice President;
- (3) each officer or employee of an Executive agency, as defined in section 105 of title 5,

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(OVER)

United States Code, including a special Government employee as defined in section 202 of title 18, United States Code, whose pay rate either is specified in subchapter II of chapter 53 of title 5, United States Code, or is at a comparable or greater pay rate under another authority; and

(4) each officer or employee, including a special Government employee as defined in section 202 of title 18, United States Code, whose position is classified at GS 16, GS 17 or GS 18 of the General Schedule prescribed by section 5332 of title 5, United States Code, or who is in a comparable position under another authority; each member of a uniformed service whose pay grade is at or in excess of O-7 under section 1009 of title 37, United States Code; and each officer or employee in any other position determined to be of equal classification.

(g) Reasonable extensions of time for filing any report may be granted under procedures prescribed by the Director of the Office of Government Ethics established by Title II of this Act, but the total of such extensions shall not exceed ninety days.

#### Contents of Reports

Sec. 102. (a) Each report filed under subsections 101(d) and (e) shall include a full and complete statement, in such manner and form as the Director of the Office of Government Ethics may prescribe, with respect to --

(1) the source and amount of: (A) each item of earned income or aggregate of such items from a single source totalling \$100 or more, including any fee or other honorarium received in connection with the preparation or delivery of any speech, attendance at any convention or meeting, or the preparation of any article for publication; and (b) any gift with a fair market value of more than \$25 or gifts aggregating \$250 or more from a single source, including transportation, lodging, food, or entertainment, other than political contributions otherwise required by law to be reported and gifts from a personal friend or relative with whom the reporting individual has no contact in the course of his official duties;

(2) the source and category of value of income (other than earned income and gifts) received during the year which exceeds \$100 in value or amount from any one source;

(3) the identity and category of value of any personal property held, directly or indirectly, in a trade of business or for investment or the production of income, other than household furnishings, works of art, jewelry, and collections of stamps, coins, and similar items, and which has a fair market value of at least \$1,000 at any time during the year;

(4) the identity (except the address of a personal residence) and category of value of each item of real property held, directly or indirectly, which has a fair market value in excess of \$1,000 at any time during the year;

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(5) the identity and category of value of each liability owed, directly or indirectly, other than to a relative, which exceeds \$2,500 at any time during the year;

(6) the identity, date, and category of value of any direct or indirect transaction, other than with a spouse or minor child, in securities or commodities futures during the year which exceeds \$1,000, except that the identity of the recipient of any gift to any tax-exempt organization described in section 501(c) of the Internal Revenue Code of 1954 involved in such a transaction need not be reported;

(7) the identity (except the address of a personal residence), date, and category of value of any direct or indirect purchase, sale, or exchange, other than a transaction with a spouse or minor child, of any interest in real property during the year which exceeds \$1,000 in value as of the date of such purchase, sale, or exchange, except that the identity of the recipient of any gift to any tax-exempt organization described in section 501(c) of the Internal Revenue Code of 1954 involved in such a transaction need not be reported;

(8) any interest in a patent right, copyright, or mineral lease, and the nature of such interest, held during the year;

(9) the identity of all positions held as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any nonprofit organization, and any educational or other institution; provided that this paragraph shall not require the reporting of positions held in any religious, social, fraternal, or political entity;

(10) a description of the date, parties to, and terms of any agreement or arrangement with respect to: (A) future employment; (B) a leave of absence during the period of the reporting individual's Government service; (C) continuation of payments by a former employer other than the United States Government; and (D) continuing participation in an employee welfare or benefit plan maintained by a former employer.

(b) Each report filed under subsections 101(a), (b) and (c) shall include a full and complete statement, in such manner and form as the Director of the Office of Government Ethics may prescribe, with respect to information required by paragraphs (3), (4), (5), (8), (9), and (10) of subsection (a), as of the date of filing, and the sources and amounts of earned income and other payments for the year of filing and the preceding calendar year.

(c) The categories for reporting the amount or value of the items covered in paragraphs (2) through (7) of subsection (a) are as follows:

- (1) up to \$5,000;
- (2) from \$5,000 to \$15,000;
- (3) from \$15,000 to \$50,000;

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(4) from \$50,000 to \$100,000; and

(5) greater than \$100,000.

(d) For purposes of paragraphs (1) through (8) of subsection (a), the report shall include the gifts, unearned income, and the source (but not amount) of earned income received by and the assets, transactions, and liabilities of a spouse and minor child occupying the household of the reporting individual.

(e) The holdings of and the income from a trust or other financial arrangement from which the reporting individual, spouse, or minor child occupying the same household receives income or in which such person has a beneficial interest must be reported according to the provisions of this section; provided that if the beneficiary of the trust or arrangement does not have knowledge of the identity of the holdings and sources of income, the report shall so indicate and the reporting individual shall provide that the information will be submitted by the trustee or other appropriate person.

#### Filing of Reports

Sec. 103. (a) Each officer and employee identified in subsection 101 (f) shall file the report required by this Title with the designated official of his agency.

(b) In addition, the President, the Vice President, the head of each agency, each Presidential appointee in the Executive Office of the President who is not subordinate to the head of an agency in that Office, and each full-time member of a committee, board or commission appointed by the President shall submit a copy of his report to the Director of the Office of Government Ethics.

(c) Each individual identified in subsection 101 (b) shall file the report required by this Title with the agency in which he will serve and a copy of such report with the Director of the Office of Government Ethics.

(d) Each individual identified in subsection 101 (c) shall file the report required by this Title with the Federal Elections Commission.

#### Failure to File or Falsifying Reports

Sec. 104. (a)(1) Any individual who knowingly falsifies or fails to report any information required under section 102 shall be fined in an amount not exceeding \$5,000 or imprisoned for not more than one year, or both.

(2) The Attorney General may bring a civil action against any person who fails to file a report as required by section 101 or who fails to report any information which such person is required to report under section 102. The court in which such action is brought may assess against such person a penalty in any amount not to exceed \$5,000.

(b) The head of each agency and the Director of the Office of Government Ethics shall refer to the Attorney General the name of any individual they have reasonable cause to believe has failed to file a report or has falsified or failed to file information required to be reported.

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(c) The President, the Vice President, and the head of each agency, or the Civil Service Commission, may take any appropriate personnel or other action in accordance with applicable law or regulation against any individual failing to file a report or information or falsifying information.

Custody of and Public Access to Reports

Sec. 105. (a) Each agency shall make each report filed with it under this Title available to the public within forty five days after the receipt of such report and furnish a copy of the report to any person upon written request; provided, that this section does not require public availability of:

(1) information pertaining to the holdings and sources of income of a trust or other financial arrangement designed to insulate the reporting individual, his spouse, or minor child from knowledge of the holdings and sources of income of the trust if such trust or arrangement has been approved under regulations prescribed by the Civil Service Commission, with the concurrence of the Attorney General, as necessary to avoid potential or apparent conflicts of interest under section 208 of title 18, United States Code, and other applicable laws and regulations; provided, that the instrument or agreement establishing the trust or arrangement and the identity and category of value of assets initially placed in the trust or arrangement shall be made available to the public under this section; and

(2) the report filed by any individual in the Central Intelligence Agency, the Defense Intelligence Agency, or the National Security Agency, or any individual engaged in intelligence activities in any agency of the United States, if the President finds that, due to the nature of the office or position occupied by such individual, public disclosure of such report would compromise the national interest of the Federal Government.

(b) The agency shall require any person inspecting or receiving a copy of a report under subsection (a) to supply his name and address and the name of the person or organization, if any, on whose behalf he is requesting a report and may require the requesting person to pay a reasonable fee in an amount which the agency finds necessary to recover the cost of reproduction and mailing of such report. The names and addresses of persons and organizations inspecting or receiving a copy of a report shall be made available to the reporting individual and to the public.

(c)(1) It shall be unlawful for any person to inspect, obtain, or use a report--

- (A) for any unlawful purpose;
- (B) for any commercial purpose;
- (C) for determining or establishing the credit rating of any individual; or
- (D) for use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

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(2) The Attorney General may bring a civil action against any person who inspects, obtains, or uses a report for any purpose prohibited in paragraph (1). The court in which such action is brought may assess against such person a penalty in any amount not to exceed \$5,000.

(d) Any report received by an agency shall be held in its custody and be made available to the public for a period of 5 years after receipt of the report. After such five year period the report shall be destroyed.

#### Review of Reports

Sec. 106. (a) The Director of the Office of Government Ethics and the head of each agency shall make provisions to assure that each report filed under subsections 103 (a) and (c) and each copy of a report filed under subsection 103(b) is reviewed to assure compliance with applicable laws and regulations.

(b) The Director of the Office of Government Ethics shall review, on a random basis, not less than five per centum of the reports filed under subsection 103(a).

#### Additional Reporting Requirements

Sec. 107. Nothing in this Title shall be construed to prevent the President from requiring officers or employees not covered by this Title to submit confidential financial statements.

#### Effective Date

Sec. 108. This Title shall take effect on January 1, 1978, and the reports filed under subsection 101(d) on May 15, 1978, shall include information for calendar year 1977.

### TITLE II - OFFICE OF GOVERNMENT ETHICS

#### Office of Government Ethics

Section 201. (a) There is established in the Civil Service Commission (hereinafter referred to as the "Commission") an office to be known as the Office of Government Ethics.

(b) There shall be at the head of the Office of Government Ethics a Director (hereinafter referred to as the "Director"), who shall be appointed by the President, by and with the advice and consent of the Senate.

#### Authority and Functions

Sec. 202. (a) The Director shall provide, under the general supervision of the Commission, overall direction of executive branch policies related to preventing conflicts of interest on the part of officers and employees of any Executive agency, as defined in section 105 of title 5, United States Code.

(b) The responsibilities of the Director shall include --

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- (1) developing and recommending to the Commission, in consultation with the Attorney General, rules and regulations to be promulgated by the President or the Commission pertaining to conflicts of interest and ethics in the executive branch, including rules and regulations establishing procedures for the filing, review, and public availability of financial statements filed by officers and employees in the executive branch as required by Title I of this Act;
- (2) developing and recommending to the Commission, in consultation with the Attorney General, rules and regulations to be promulgated by the President or the Commission pertaining to the identification and resolution of conflicts of interest;
- (3) monitoring and investigating compliance with the public financial disclosure requirements of Title I of this Act by officers and employees of the executive branch and Executive agency officials responsible for receiving, reviewing, and making available such statements;
- (4) conducting a random annual review of not less than five per centum of the financial statements filed by officers and employees in the executive branch as required by Title I of this Act to determine whether such statements reveal possible violations of applicable conflict of interest laws or regulations and recommending appropriate action to correct any conflict of interest or ethical problems revealed by such review;
- (5) monitoring and investigating individual and agency compliance with any additional financial reporting and internal review requirements established by law for the executive branch;
- (6) interpreting rules and regulations issued by the President or the Commission governing conflict of interest and ethical problems and the filing of financial statements;
- (7) consulting, when requested, with agency ethics counselors and other responsible officials regarding the resolution of conflict of interest problems in individual cases;
- (8) ordering corrective action on the part of agencies and employees which the Director deems necessary;
- (9) requiring such reports from executive agencies as the Director deems necessary;
- (10) assisting the Attorney General in evaluating the effectiveness of the conflict of interest laws and in recommending appropriate amendments;
- (11) evaluating, with the assistance of the Attorney General, the need for changes in rules and regulations issued by the Commission and the agencies regarding conflict of interest and ethical problems, with a view toward making such rules and regulations consistent with and an effective supplement to the conflict of interest laws;

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(12) cooperating with the Attorney General in developing an effective system for reporting allegations of violations of the conflict of interest laws to the Attorney General, as required by section 535 of title 28, United States Code;

(13) providing information on and promoting understanding of ethical standards in Executive agencies.

(c) In the development of policies, rules, regulations, procedures and forms to be recommended, authorized or prescribed by him, the Director shall consult when appropriate with the Executive agencies affected, and the Attorney General.

#### Administrative Provisions

Sec. 203. Upon the request of the Director, each Executive agency is directed to --

(1) make its services, personnel, and facilities available to the Director to the greatest practicable extent for the performance of functions under this Act; and

(2) except when prohibited by law, furnish to the Director all information and records in its possession which the Director may determine to be necessary for the performance of his duties.

#### Authorization of Appropriations

Sec. 204. There are authorized to be appropriated to carry out the provisions of this Act, and for no other purpose --

(1) not to exceed \$1,000,000 for the fiscal year ending September 30, 1978;

(2) not to exceed \$1,000,000 for each of the four fiscal years thereafter.

#### Annual Pay

Sec. 205. Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following:

"( ) Director of the Office of Government Ethics".

#### TITLE III.

Section 207 of title 18, United States Code, is amended to read as follows:

207. Disqualification of former officers and employees: disqualification of partners of current officers and employees.

"(a) Whoever, having been an officer or employee of the executive or judicial branch of the United States Government, of any independent agency of the United States, or of the District of Columbia, including a special Government employee, after his employment has ceased, knowingly --

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(1) acts as agent or attorney for or otherwise represents himself or any other person (except the United States) in any formal or informal appearance before, or

(2) makes any contact on behalf of himself or any other person (except the United States) with the intent to influence any department, agency, court, court-martial, or any civil, military, or naval commission of the United States or of the District of Columbia, or any officer or employee thereof, in connection with any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter involving a specific party or parties in which the United States or the District of Columbia is a party or has a direct and substantial interest and in which he participated personally and substantially as an officer or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, while so employed, or

"(b) Whoever, having been so employed, within two years after his employment has ceased, knowingly --

(1) acts as agent or attorney for or otherwise represents himself or any other person (except the United States) in any formal or informal appearance before, or

(2) makes any contact on behalf of himself or any other person (except the United States) with the intent to influence any department, agency, court, court-martial, or any civil, military, or naval commission of the United States or of the District of Columbia, or any officer or employee thereof, in connection with any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter involving a specific party or parties in which the United States or the District of Columbia is a party or has a direct and substantial interest and which was actually pending under his official responsibility as an officer or employee within a period of one year prior to the termination of such responsibility, or

"(c) Whoever having been so employed --

(i) at a rate of pay specified in subchapter II of chapter 53 of title 5, United States Code, or a comparable or greater pay rate under another authority; or

(ii) in a position classified at GS 16, GS 17 or GS 18 of the General Schedule prescribed by section 5332 of title 5, United States Code; in a position classified at 0-7 or above under section 1009 of title 37, United States Code; or in a comparable position under another authority,

within one year after his employment with the department or agency has ceased, knowingly --

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(1) acts as agent or attorney for or otherwise represents any other person (except the United States) in any formal or informal appearance before, or

(2) makes any contact on behalf of any other person (except the United States) with the intent to influence the department or agency in which he served as an officer or employee, or any officer or employee thereof, in connection with any judicial, rule-making, or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter which is pending before such department or agency or in which such department or agency is a party or has a direct and substantial interest --

"Shall be fined not more than \$10,000 or imprisoned for not more than two years, or both: Provided, that nothing in subsection (a), (b) or (c) prevents a former officer or employee, including a former special Government employee, with outstanding scientific or technological qualifications from acting as agent or attorney for or otherwise representing, or making any contact on behalf of another person in connection with a particular matter in a scientific or technological field if the head of the department or agency concerned with the matter shall make a certification in writing, published in the Federal Register, that the national interest would be served by such action or appearance by the former officer or employee; Provided further That subsection (c) shall not apply to a former special Government employee who did not perform duties of his position in the department or agency for more than sixty days during the period of three hundred and sixty-five days immediately preceding the date of termination of his services with such department or agency.

"(d) Whoever, being a partner of an officer or employee of the executive branch of the United States Government, of any independent agency of the United States or of the District of Columbia, including a special Government employee, acts as agent or attorney for anyone other than the United States before any department, agency, court, court-martial, or any civil, military, or naval commission, of the United States or of the District of Columbia, or any officer or employee thereof, on behalf of any other person (except the United States), in connection with any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter in which the United States is a party or has a direct and substantial interest and in which such officer or employee of the Government or special Government employee participates or has participated personally and substantially as a Government employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, or which is the subject of his official responsibility --

Shall be fined not more than \$5,000, or imprisoned not more than one year, or both.

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So the bill was passed.  
The result of the vote was announced as above recorded.  
A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

#### PERMISSION FOR AD HOC COMMITTEE ON ENERGY TO SIT UNDER 5-MINUTE RULE FOR REMAINDER OF THIS SESSION OF 95TH CONGRESS

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent that the Ad Hoc Committee on Energy may be permitted to sit while the House is operating under the 5-minute rule for the remainder of this session of the 95th Congress.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### PERSONAL EXPLANATION

Mr. PEPPER. Mr. Speaker, while with some of my constituents, I was in conference with some of the Department and agency representatives; and I missed rollcalls 182, 183, and 184 today.

If I had been here, Mr. Speaker, I would have voted "yea" on rollcall 182, "nay" on rollcall 183, and "yea" on rollcall 184.

#### ETHICS IN GOVERNMENT ACT AND SPECIAL PROSECUTOR LEGISLATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES H. DOC. NO. ———)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committees on Armed Services, on the Judiciary, and on Post Office and Civil Service and ordered to be printed:

#### To the Congress of the United States:

During my campaign I promised the American people that as President I would assure that their government is devoted exclusively to the public interest. I began fulfilling that promise by making information on my own financial interests publicly available. I have also required that all Presidential appointees disclose their business and financial interests, to remove any possibility of hidden conflicts of interest. In addition, I have obtained a commitment from these officials to adhere to tighter restrictions after leaving government, in order to curb the "revolving door" practice that has too often permitted former officials to exploit their government contacts for private gain.

To expand upon the actions I have taken so far, I am

prosecute alleged offenses by high government officials. I am not submitting my own bill, for legislation has already been introduced in the Congress which, with relatively small revisions, will conform to my own principles.  
Second, the Ethics in Government Act would strengthen existing restrictions on the revolving door between government and private industry. All too often officials have come into government for a short time and then left to accept a job in private industry, where one of their primary responsibilities is to handle contacts with the former employer. To restrict this kind of arrangement I propose:

In addition to strengthening conflict of interest controls through the Ethics in Government Act, I am today announcing support for legislation to authorize appointment of a temporary Special Prosecutor to handle cases of misconduct by high-ranking Executive Branch officials.

Both Houses have recently adopted new Codes of Conduct which are milestones in the history of government action to prevent actual or potential conflicts of interest. The leadership of both Houses have also pledged personal support for enactment of these new Codes into law. The Senate is currently considering S. 555, the Public Official Integrity Act of 1977, and the House, in addition to creating a Select Committee on Ethics to enact its new Code into law, has also been working on legislation to establish government-wide ethical standards. I am confident that through our joint efforts, legislation prescribing government-wide standards of conduct will be considered and passed this year.

The Ethics in Government Act calls for a three-part program of financial disclosure, creation of a new Office of Ethics in the Civil Service Commission, and strengthened restrictions on post-employment activities of government officials.

First, the Ethics in Government Act would require policy-making officials, whether political appointees or top-level career civil servants, to disclose publicly their financial interests. Currently, policy-making employees must file statements of financial interest, but these statements are not available to the public. In addition to requiring public disclosure, the Act would require collection of more extensive information about employees' financial interests than the current Executive Order. Each official's report will include information on:

- income, whether earned or from investments;
- gifts, including travel, lodging, food and entertainment;
- assets, liabilities and financial transactions;
- positions held in business and professional organizations;
- agreements for future employment.

The vast majority of government officials, of course, have always followed strict ethical standards. I respect their efforts and integrity, and I have carefully considered the new obligations that this legislation will place on them. The provisions of the Act would strike a careful balance between the rights of these individuals to their privacy and the right of the American people to know that their public officials are free from con-

1. An extension of the current prohibition on appearances before an agency of former employment on matters that were under the official's responsibility:

- by extending the period of the prohibition from one year to two; and
- by including informal as well as formal contacts.

2. A new and broader ban on formal or informal contact on other matters with agencies of former employment, for a period of one year after the end of government service.

These rules also reflect a balance. They do not place unfair restrictions on the jobs former government officials may choose, but they will prevent the misuse of influence acquired through public service.

Third, this Act would establish a new Office of Government Ethics in the Civil Service Commission. Under the existing Executive Order, guidelines have often been unclear, and enforcement has been ineffective in some agencies. An effective oversight office is essential if strict ethical requirements are to be enforced throughout the Government.

Because I believe these responsibilities are so important, I am asking that the Office be headed by a Director who is a Presidential appointee, confirmed by the Senate. I want to designate an individual who is clearly accountable to me, to the Chairman of the Civil Service Commission and to the Congress for the supervision of ethical standards in the Executive Branch. The Director and his new Office would:

- issue general guidelines to agencies on what constitutes a conflict of interest, and how those conflicts can be resolved;
- make recommendations to me on any changes needed in laws and regulations governing conflicts of interest;
- monitor compliance by agencies and individuals with established requirements; and
- increase understanding throughout the government and on the part of the American people of the ethical standards of conduct required of Executive Branch employees.

This new Office will ensure vigilant enforcement of the standards that are established to protect the honesty and integrity of our government.

To complement the Ethics in Government Act, I am also announcing my support for legislation which would re-

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principles for sound Special Prosecutor legislation. Under those principles the Special Prosecutor would be appointed by a specially empaneled court. He or she could be removed from office only upon a finding of extraordinary impropriety or incapacity. The Special Prosecutor's jurisdiction would extend to alleged misconduct by the President, the Vice President, members of the Cabinet, and White House staff members.

This approach will eliminate all appearance of high-level interference in sensitive investigations and prosecutions. The American people must be assured that no one, regardless of position, is above the law.

I look forward to working with the Congress to enact both the Ethics in Government Act and Special Prosecutor legislation, so that we can help restore the faith of the American people in their government.

JIMMY CARTER.

THE WHITE HOUSE, May 3, 1977

THE PLIGHT OF VLADIMIR LIFSHITZ

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HUGHES Mr. Speaker, I am gratified that I am able to participate in the vigil calling attention to "Helsinki's Unfulfilled Promise." This effort waged by my colleagues in the House brings into focus the situations of those men and women who wish to leave the Soviet Union and become reunited with their families but so far have not been able to do so due to the Soviets unwillingness to live up to the Helsinki accords.

Today, I would like to speak about Vladimir Lifshitz and his wife, Bella.

VLADIMIR LIFSHITZ

Vladimir and Bella Lifshitz are two refuseniks from Vilnius, Lithuania. During the German occupation of their country from 1941 to 1944, they saw the virtual extermination of the large Jewish population. Now in their old age, they have been desperately trying to emigrate to Israel to be reunited with their children. The years may have dimmed their physical strength, but not their courage. For bravely they have made no fewer than 30 appeals to Soviet authorities for permission to join their two daughters. They have been refused on the basis of the "secrets" acquired when Vladimir served as a colonel in the Soviet Army. He left the service 28 years ago.

In a recent letter, their daughter Mrs. Jaffe wrote from Israel:

The reason for their refusal was secret information that our father had because of his service in the Soviet Army (he left the Russian army in 1948). Both are sick and old people. Nobody from our relatives are left in Russia now. In Israel we are two married daughters with children.

As you can see, the Soviets just find their own excuse and don't let them go. If the situation continues like that, very soon we'll be left without parents. We ask you to help us in any possible way to get them to us in Israel.

In April 1976, the Lifshitz' appealed again to the U.N. Commission on Human Rights. They wrote:

ing in vain to get the decision to the question. More than thirty times we appealed to different Soviet organs and competent organizations which without any serious grounds, continue to refuse our request. The last refusal was given to us after the signing of the Helsinki Declaration in defense and cooperation in Europe. . . .

My wife and I are old people. I am 68 and my wife is 62. We both are very sick people. We are invalids of the war and labor as well. I have not worked anywhere for the last fifteen years because of my illness. Before retirement, I worked 12 years in industrial enterprises not connected with any secrecy.

We are alone here. Our two daughters, their husbands, our grandchildren and other close relatives live in Israel. For four years our children have been trying to help us emigrate to Israel through the Soviet organs, but all their efforts are in vain.

Appealing to you for help, we ask you to take into consideration the fact that because of our health now, we especially need everyday assistance from our children and grandchildren. We hope that your particular interference and your appeal to Soviet organs will decide our fate and give us our legal rights to reunite with our families.

To deny an old man and his wife permission to leave the Soviet Union to live with their family in Israel is a cruel abrogation of the human rights so nobly espoused in the Helsinki accords. Although we do not know whether our calling attention to the Lifshitz' family and the many others, who for one reason or another, are denied the freedom to immigrate will give them the opportunity to leave, we have an obligation to make known the plight of Vladimir and Bella Lifshitz in the hope that the spotlight of truth will be strong enough to free them from the darkness of tyranny.

PRESIDENT'S MESSAGE ON FINANCIAL DISCLOSURE

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON, Mr. Speaker, I am delighted to point out that President Carter has sent this message on financial disclosure in the executive department and related matters up to the Hill. For some little time we have been awaiting the message. In the event the financial disclosure matter is referred to the Subcommittee of the Judiciary Committee of which I am chairman, I can assure the Members we will commence hearings almost immediately. We have been waiting for this bit of direction from Pennsylvania Avenue and I would imagine that within about 2 weeks we will be able to commence our hearings and try to work out a bill which will meet the needs of our country at this time.

BASIC PROBLEMS WITH THE RENEGOTIATION REFORM LEGISLATION—H.R. 5959

The SPEAKER. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 5 minutes.

Mr. GRASSLEY, Mr. Speaker, I would like to bring to the Members attention the basic problems with the re-

negotiation—H.R. 5959. The House Banking Committee has scheduled a markup of this legislation tomorrow morning at 10.

The first document, a letter from the Congressional Budget Office to the chairman of the Banking Committee, Mr. REUSS, states in its estimate of manpower requirements of H.R. 5959 that—

The provision that all financial statements shall be verified by an audit, along with the provision that renegotiation shall be conducted on a division and major product line basis, provide the basis for a nearly unlimited increase in workload.

I find it incredible that the administration, which has taken a firm position against increasing the size of Government, could endorse this legislation which writes a blank check for hiring thousands of additional Federal employees.

The second letter is an analysis of the renegotiation reform legislation by the Commission on Federal Paperwork. I quote:

There are, however, areas where this proposed legislation would, in our view, create additional administrative and procedural burdens as well as unnecessary paperwork and redtape, the cost of which appears to outweigh the potential benefits.

The letter continues:

The Paperwork Commission has recently completed an extensive analysis of product line accounting concepts. The findings of the study on Financial Accounting pointed out the insurmountable difficulty companies face in restructuring their books of account to comply with the federal requirements for product line reporting.

The Paperwork Commission concludes that—

Adoption of the present language in the bill would remove the flexibility, limit the discretion of the Renegotiation Board, and significantly increase the reporting costs of the government and contractors, while obtaining little or not additional benefit over present procedures.

On the subject of mandatory audits the Paperwork Commission states:

Clearly, the proposed legislation for mandatory auditing of every statement would place impossible demands and astronomical costs on the (Renegotiation) Board that would exceed any potential benefits.

It is difficult to believe that President Carter could ignore such strong objections to the provisions of this legislation from a Commission whose purpose is to reduce the burdensome involvement of Government in daily lives of the American taxpayers.

The third document is an industry summary of the cost of compliance with the current requirements of the Renegotiation Act based on the testimony of industry witnesses at the recent hearings on the proposed renegotiation reform legislation. I quote from that summary:

The \$190 million companies spent in (FY 76) to comply—and passed on as contract costs to the Federal Government—were almost five times the amount (\$40 million) determined to be excess profit. The negative economic impact on the government (taxpayer) is further compounded by the fact that on an after-tax basis the Federal Government will realize only 50% (\$20 million) of the \$40 million determined as excess profit. Government paid



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